

**State Employee Benefits Advisory Council Meeting
February 21, 2013
Statewide Benefits Office
Dover, Delaware**

The State Employee Benefits Advisory Council met on February 21, 2013 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Faith Rentz, OMB, SW Benefits,
Deputy Director

Brenda Lakeman, OMB, SW Benefits, Director
Pat Griffin, Chair, SEBAC, AOC
Marsha Carson, SEBAC, DOS

Judy Anderson, DSEA
Mary Cooke, SEBAC, DOE
David Wright, SEBAC, DSEA
Dawn Davis, OMB, SW Benefits
Dave Leiter, DHSS

Ms. Griffin called the meeting to order at 3:15 p.m.

Approval of Minutes – (handout)

Ms. Griffin asked for a motion for approval of the February 7, 2013 minutes. Ms. Cooke made the motion with the addition of her name to the list of council members and guests present and Ms. Carson seconded the motion. Upon unanimous voice vote the minutes were approved.

Update of SEBC Activities

Ms. Rentz acknowledged that the proposed changes to the Group Health Program Eligibility and Enrollment and the Disability Insurance Program Rules and Regulations were approved at the last SEBC meeting on February 8, 2013 with the exception of the two rules, items 5.14 and 5.21, which were tabled for further discussion with an option to update at a later time. Both sets of rules will be published with the Register of Regulations effective March 1, 2013.

Ms. Rentz and Ms. Lakeman met with Financial Operations regarding items 5.14 and 5.21 which relate to refund and collection periods of State and Employee Share. They reviewed how the refunds and collections are processed and the reason why certain time periods are used. There are issues to consider when a refund or collection period extends over a calendar or fiscal year, one of which is taxes. It is planned to have a better understanding of the refund and collection processes by the March 11, 2013 SEBC meeting to be able to present suggested changes to the Committee.

FY14 Planning –

Ms. Rentz stated that discussion at the last SEBC meeting revolved around the budget for Fiscal Year 2014 and options in plan design that could be used to close the \$36.0M deficit gap. The changes were presented in two categories those that would maintain grandfathered status and those that would cause the loss of grandfathered status. The latter would generate greater savings between \$1.3M and \$9.1M but there is a cost of \$4.1M to add preventive services at 100%. The Committee was asked to review the options, though no action was required until updated figures based on experience through the end of 2012 are shared at the February 22, 2013 meeting.

Ms. Griffin asked if the updated budget projections could be shared with the SEBAC Committee and Ms. Rentz confirmed that she was able to review them.

Mr. Leiter spoke of the recent article in the News Journal stating that many in his work area were upset with the news of no pay increases and an increase to health care premiums. A discussion ensued amongst the group. Both Ms. Griffin and Ms. Anderson suggested that the News Journal slanted the article to sound as if the decision was set in stone when in fact they were proposed changes only. Ms. Cooke added that the only premium increases that must happen are those governed by House Bill 81, which provide the percentage to be paid by the state and the employees. Ms. Lakeman asked for suggestions on how the changes could have been presented differently. Ms. Anderson suggested a slide to those at the public SEBC meeting to explain the process of how premiums and plan designs are derived at each year. Ms. Griffin suggested a write up in DelaWELL and the web site to explain the budget process. Those that attended the SEBC meeting did seem to understand that the changes were proposed and not decided upon.

Ms. Rentz commented that the landscape has changed in terms of the latest projections. The projections are based on the rates that are paid and the claims experience. The FY 2013 projected revenue is \$583.1M and the expenditures are \$593.1M leaving a gap of \$10.0M. The fund balance for the end of December was reported at \$42.3M and has increased slightly to \$42.4M for the end of January. The fund is performing well. The projected year end health fund balance based upon projected claims experience and additional revenue for the remainder of the year is \$32.0M.

It was discussed at the last SEBC meeting that the FY 2014 estimated deficit was \$36.0M. The Committee was asked to consider plan design changes to make up the shortfall. Based on the December 2012 claims experience there is \$24.0M less in expenditures. Segal's trend assumption has been adjusted from 5.84% to 5.50% and the deficit has been reduced to \$12.5M.

In conclusion, there are a few areas of concern for the SEBC Committee. The Governor's budget is not finalized yet and while not likely, is subject to change until approved by the Joint Finance Committee and full legislation. The health fund budget needs to be decided upon by the end of March. The Committee needs to determine whether to make plan design changes to reduce expense. There will be a balance in the health fund and historically, the surplus has been used to help fund a shortfall.

Ms. Rentz reported that the SEBC will also receive an update on DelaWELL FY2012 performance and receive an overview of the proposed FY2014 DelaWELL program design.

There is a February 22nd SEBC meeting scheduled. SEBAC will meet next on March 7, 2013.

SEBAC Comments to SEBC

None

Other Business

None

Ms. Griffin asked for a motion to adjourn. Ms. Cooke made the motion and Ms. Carson seconded the motion. Upon a unanimous verbal approval, the meeting adjourned at 4:32 p.m.

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Respectfully submitted,

Dawn M. Davis
Secretary
Statewide Benefits, OMB